

Morgan Mortgage, Inc.



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1010 N Normandie St. #206, Spokane, WA 99201

(866) 515-0088 toll-free / jeff_morgan@qwestoffice.net

www.morganmortgage.com

03/26/2008

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Ms. Johnson:

I am writing a regarding your proposed amendments to Regulation Z.

I am a small, independent company with three employees located in Spokane, Washington.

- I support consumer protection goals of the FRB's proposed amendments, but respectfully oppose restrictions you wish to place on compensation to mortgage brokers, which is MY bread and butter.
- Mortgage brokers provide intermediary services *between* borrowers and lenders. We provide value in real estate transactions and loans by assisting borrowers with the myriad choices, disclosures and options when obtaining financing. We sign agreements with our investors and represent NEITHER party but SERVE BOTH.
- Mortgage brokers compete with direct lenders, such as ones advertising nationally on TV whose employees are not licensed or educated as we are. Direct lenders and banks act in the same fashion as brokers, immediately selling their loans and using many different funding sources. The distinction between our services has become blurred in recent years.
- Consumers now cannot easily distinguish between the services mortgage brokers offer those of direct lenders and banks, which use similar marketing, signage and advertising methods.
- I feel you have an obligation to apply a level playing field here. Any disclosures should apply equally to ALL mortgage originators, not just brokers. It is methods like this that create two classes of citizenry.
- I use YSP (Yield Spread Premiums) to help borrowers obtain housing as a method of reducing fees paid in cash by borrowers. This facilitates access for those with nominal cash to close. Why would you want to remove this

access from those who need it most? Mortgage broker are writing the majority of loans in this country for people needing low cost access.

- Your two-tier system which would require disclosures of one group only is unfair to small businesses like my own. It will enhance opportunities for those who do not have to disclose to confuse borrowers and steer them away from mortgage brokers.
- It is impossible to give an exact dollar estimate prior to taking an application because; 1)If you have been following the FNMA/FMAC pricing, you will see it is score driven for fee structure-we cannot correctly price without pulling credit, which requires an application and credit release, 2)We do not know the precise loan-to-value, which affects pricing for rate/fee 3) We do not know the amount of the loan which affects pricing/fee, 4) We do not yet know which product will be best for the borrower.
- I suggest you hold roundtable discussions for proactive consumer protections which apply to all who originate mortgages and encourage competition in price and service for all.
- I believe your task to be monumental and wish you good luck in finding balance and appreciate your efforts as a Board.

Sincerely,



Jeff Berglund, Broker
Morgan Mortgage, Inc.
(866)515-0088 toll free

We want you to be so satisfied with our services you feel compelled to refer your friends, family and business acquaintances to us, not by obligation, but because you truly believe they will benefit from our consulting services. Your referrals are the heart of our business.